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INFO RUEHAC/AMEMBASSY ASUNCION 5891  
RUEHBO/AMEMBASSY BOGOTA 3204  
RUEHBR/AMEMBASSY BRASILIA 7053  
RUEHBU/AMEMBASSY BUENOS AIRES 4303  
RUEHCV/AMEMBASSY CARACAS 1600  
RUEHPE/AMEMBASSY LIMA 1589  
RUEHMN/AMEMBASSY MONTEVIDEO 3820  
RUEHQT/AMEMBASSY QUITO 4234  
RUEHSG/AMEMBASSY SANTIAGO 8776  
RHEHNSC/NSC WASHINGTON DC  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
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STATE FOR WHA/AND  
TREASURY FOR SGOOCH  
ENERGY FOR CDAY AND SLADISLAW

E.O. 12958: N/A  
TAGS: [ECON](#) [EINV](#) [ENRG](#) [EPET](#) [BL](#)  
SUBJECT: TRANSREDES SALE DECREASES U.S. INVESTMENT IN  
BOLIVIAN HYDROCARBONS

REF: A. LA PAZ 1157

[1](#)B. LA PAZ 1107

[1](#)1. (SBU) The U.S. firm Enron has completed the first stage of selling its subsidiary Prisma, which owns 25 percent of Bolivian gas pipeline operator Transredes and 29 percent of the Bolivian gas pipeline operator GTB, to Ashmore Energy International. According to Transredes contacts, Ashmore is 60 percent British and 40 percent American. Ashmore has purchased 25 percent of Prisma, and is scheduled to purchase the rest later this year. The sale will reduce U.S. investments in Bolivia's recently semi-nationalized (ref A) hydrocarbons sector by 30 percent, from USD 676 million to USD 470 million, decreasing U.S. exposure in this conflictive sector, which is dominated by Brazilian, Spanish, British, and French investment.

[1](#)2. (SBU) Transredes shareholders are negotiating directly with the GOB regarding the GOB's plans to acquire ownership control over the company and the terms of its new contract, per the GOB's May 1 nationalization decree (ref A). The negotiations are going well, say Transredes executives, and Transredes will continue to negotiate as long as it is able to maintain administrative control over the company's operations. Operations have continued normally to date. The GOB has not yet discussed compensation plans with Transredes for the shares which it intends to take-over, but has publicly stated that it does intend to provide some form of compensation. Transredes executives told us that payment through future natural gas sales, suggested by Hydrocarbons Minister Soliz Rada, would not be an acceptable compensation mechanism due to the uncertainty of future sales to Brazil (ref B) and Argentina.  
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